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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

FEB 7 - 1997

In the Matter of	)	
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Newspaper/Radio Cross-Ownership Waiver Policy	)	MM Docket No. 96-197
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	)	
	)	

To: The Commission

COMMENTS OF THE NEWSPAPER ASSOCIATION OF AMERICA

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February 7, 1997

No. of Copies rec'd 0+11
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SUMMARY

The newspaper/broadcast cross-ownership restrictions were adopted by the Commission in 1975 based solely upon speculative assumptions about diversity, without any record evidence that cross-owned stations engaged in anti-competitive practices or otherwise failed to serve the public interest. If they were ever needed, these anachronistic restrictions are unnecessary in the modern highly diversified and technologically advanced media marketplace. Today, both newspaper publishers and broadcast station owners face intense competition from a rapidly expanding array of information providers, virtually all of which are free to operate on a "multi-channel" basis without significant governmental constraints on common ownership. Accordingly, the Newspaper Association of America ("NAA") asks the Commission to move forward quickly to initiate rulemaking proceedings looking toward outright repeal of the newspaper/broadcast restriction. In the interim, the FCC should adopt a broad and flexible waiver policy for newspaper/radio cross-ownership that will serve as a critical "first step" toward freeing publishers and broadcast station owners to function effectively as diversified and innovative competitors in the information marketplace.

Historically, the FCC encouraged the participation of newspaper publishers in the broadcast industry. In 1975, however, the FCC reversed course and adopted regulations prohibiting the joint ownership of a broadcast station and a daily newspaper in the same community. The record before the FCC contained no concrete evidence to show that the ban on co-located newspaper/broadcast combinations would in fact promote diversity or otherwise serve the public interest. The sole basis cited for the cross-ownership ban was the FCC's expectation that it would serve to increase local diversity.

The "hoped for" gain in diversity that was the only premise for adoption of the ban in 1975 has been achieved, not through governmental intervention, but through technological developments and the explosive growth of competition in the information marketplace. For example, since the Commission instituted the cross-ownership limitations, both television and radio broadcasting have enjoyed continued growth and ever-increasing diversity. There are now over 12,000 licensed radio stations in the United States, and more than 1,500 licensed television stations. The healthy growth in broadcasting, moreover, has been complemented by remarkable gains both in penetration and in subscribership by the cable television industry. In 1976, only 17 percent of TV households subscribed to cable; today, cable is available to 97 percent of all U.S. households, and nearly two-thirds of all TV households subscribe. The maturation of the cable television industry, together with technological innovations such as direct broadcast satellite ("DBS") service, now ensure the availability of a multitude of independent and diverse media voices to American consumers. The entry of telephone companies into video programming and distribution services in their local service areas will further speed the growth of new voices in the media marketplace.

Other new technological innovations also have opened the mass media marketplace to a host of competitive new media (e.g., wireless cable, open video systems and on-line computer services) which are expanding the available sources of information, news, and entertainment at an ever-increasing rate. These new media also compete with newspaper publishers and broadcasters for advertising revenues. In addition, direct mail advertising has grown at an exponential rate in recent years. Expenditures on direct mail in 1995 were nearly $33 billion, or 20.4 percent of all advertising expenditures, and nearly three times the amount spent on radio ads. Increasingly popular city, regional, and specialty magazines also have eroded newspapers' share of print advertising revenues while providing additional sources of information and opinion.

In this abundantly diverse and highly competitive mass media marketplace, the maintenance of these selective cross-ownership restrictions clearly is unnecessary, discriminatory, and unjustifiable. While in 1975 media owners generally were limited to controlling a single outlet in a community, today multiple ownership of same-service outlets is routinely allowed. For example, radio station owners can now hold licenses for up to eight radio stations in the same market. Newspapers and broadcast station owners are virtually alone among major information providers in facing an absolute governmental barrier to common ownership.

In the current media environment, cross-owners have every incentive to differentiate their newspaper and broadcast "products" in order to appeal to a larger total audience. Thus, as the FCC itself has recognized, common ownership of media outlets may actually "enhance the quality of viewpoint diversity." Moreover, in some circumstances, excluding TV and radio station owners from the local newspaper business actually has undercut the diversity goal. Between 1988 and 1993, more than 100 daily newspapers failed throughout the United States. At least some of those papers might well have survived had local broadcasters been eligible to acquire struggling dailies in their home communities.

Given the explosion in the number and variety of competing media outlets, and considering the courts' recent heightened scrutiny of commercial speech restrictions, the perpetuation of the newspaper/broadcast cross-ownership ban clearly has serious constitutional implications. Although the rule was sustained against a First Amendment challenge in the 1970s, the information marketplace in which newspapers and broadcast stations compete has changed dramatically since the Supreme Court's decision. In fact, the FCC repeatedly has recognized the change in the level of competition in the mass media field in its decisions eliminating or relaxing most of its other ownership rules. Recent judicial actions (such as those striking down the cable/telco ban and the ban on alcohol price advertising) strongly suggest that the courts today would require a far stronger showing than was made in 1975 to support such a direct limitation on the commercial speech rights of a particular class of citizens.

In short, the newspaper/broadcast cross-ownership rule adopted by the FCC in 1975 was based not on hard evidence, but rather on a mere "hoped for" gain in diversity. Twenty years later, it cannot be said that the rule has served its intended goal. Today, broadcast stations and newspapers are unnecessarily handicapped by the outdated newspaper/broadcast cross-ownership rule. Initiating a proceeding looking toward the repeal of these restrictions would not only help preserve broadcast stations and newspapers as viable voices, but would help spur their evolution into more diversified and innovative competitors in today's technologically advanced multimedia marketplace.

In the interim, and at a minimum, NAA urges the Commission to adopt a strong presumptive waiver policy for newspaper/radio cross-ownership that takes into account the enormous growth in the number and type of competing information providers. Specifically, NAA supports the use of a presumptive waiver standard that is based on the presence of a minimum number of voices, without regard to the market's numerical ranking. The

Commission should recognize as "voices" all broadcast stations -- both commercial and noncommercial -- and competing non-broadcast media such as daily and weekly newspapers, cable systems and other video program suppliers. Moreover, the FCC should adopt a threshold number of independent voices required to support a waiver that takes into account the proliferation of alternative media that are present in every market. The NAA also recommends that the Commission adopt a realistic geographic market definition, comparable to those used in the context of other cross-ownership rules.

Further, NAA urges the Commission to avoid becoming involved in "subjective" evaluations of the "strength" or "weight" of a particular voice in a given market. The availability of a sufficient number of voices, regardless of the identity of the speaker or the strength of the message, is the appropriate measure of diversity. Similarly, the Commission should not adopt any arbitrary "cap" on advertising market power; the wide array of alternative outlets currently available offsets any prospect of market dominance by newspapers or broadcast stations.

Where a sufficient number of voices exist, the Commission can rest assured that the public will have adequate access to a diversity of sources of information and opinion, and advertisers will have ample outlets for their advertising dollars. The FCC should refrain from imposing any additional barriers to waiving the rule, such as a "special circumstances" requirement, that are not applied in other cross-ownership situations. Finally, NAA urges the Commission to recognize that there are situations in which the public interest would be served by granting a waiver even if the minimum voices test is not met. For example, granting a waiver to preserve a failing station or to allow the continuation of a longstanding ownership pattern would be warranted regardless of the number of independent voices that will remain in the market.

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To: The Commission

COMMENTS OF THE NEWSPAPER ASSOCIATION OF AMERICA

The Newspaper Association of America ("NAA") hereby submits its comments in response to the Notice of Inquiry, FCC 96-381, released October 1, 1996[1] in the above-captioned proceeding ("Notice of Inquiry"), which was initiated by the Commission in order to explore possible revisions to its policies concerning waiver of the newspaper/radio cross-ownership restriction.

For the reasons set forth below, NAA urges the Commission to use this proceeding to begin the long-overdue process of dismantling the newspaper/broadcast cross-ownership restrictions. Those rules, which were adopted in 1975 notwithstanding the absence of any record evidence that cross-owned stations engaged in anti-competitive practices or otherwise failed to serve the public interest, clearly are unnecessary in the current highly diversified and technologically advanced media marketplace. Both newspaper publishers and broadcast station licensees face intense

[1] 11 FCC Rcd 13003 (1996).

and ever-increasing competition from a rapidly expanding array of information providers, virtually all of which are free to operate on a "multi-channel" basis without governmental constraints on common ownership. Accordingly, the Commission should move forward quickly to initiate rulemaking proceedings looking toward outright repeal of the newspaper/broadcast cross-ownership prohibition. In the interim, in this proceeding, the FCC should adopt a broad and flexible new waiver policy for newspaper/radio cross-ownership that will serve as a critical "first step" toward elimination of this anachronistic restriction on the ability of newspaper publishers and broadcasters to function as diversified and innovative competitors in the marketplace of ideas.

I. THE NAA'S INTEREST IN THE PROCEEDING.

The NAA is a nonprofit organization representing the newspaper industry and over 1,500 newspapers in the United States and Canada. Most NAA members are daily newspapers; these members account for approximately 85 percent of U.S. daily circulation. NAA's membership also includes many nondaily U.S. newspapers and other newspapers published elsewhere in the western hemisphere as well as in Europe and the Pacific Rim.[2] Many of the NAA's members also hold licenses for broadcast stations, originally issued prior to the adoption of the newspaper/broadcast cross-

[2] NAA was formed June 1, 1992 by the merger of the American Newspaper Publishers Association, the Newspaper Advertising Bureau, and five other marketing associations: the Association of Newspaper Classified Advertising Managers, International Circulation Managers Association, International Newspaper Advertising and Marketing Executives, Newspaper Advertising Co-op Network, and the Newspaper Research Council.

ownership prohibition in 1975 and therefore "grandfathered" when the prospective ban was implemented.[3]

The NAA serves the newspaper industry and its individual members in efforts to communicate and advocate the views and interests of newspapers to all levels of government and to advance the interests of newspapers in First Amendment issues. In this capacity, NAA has participated in numerous Commission proceedings. NAA recently submitted comments on behalf of the newspaper industry in response to the Commission's Notice of Proposed Rulemaking in CC Docket No. 96-150, concerning the implementation of appropriate accounting safeguards to foster the development of electronic publishing pursuant to Section 274 of the Telecommunications Act of 1996. The American Newspaper Publishers Association ("ANPA"), one of NAA's predecessor organizations, similarly participated in numerous Commission proceedings affecting the interests of the newspaper industry, including the proceedings which led to the adoption of the newspaper/broadcast cross-ownership restrictions in 1975.[4]

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[3] See Broadcasting & Cable Yearbook 1996 at A-125 - A-132.

[4] See Second Report and Order in Docket No. 18110 (Amendment of Sections 73.34, 73.240, and 73.636 of the Commission's Rules Relating to Multiple Ownership of Standard, FM, and Television Broadcast Stations), 50 FCC2d 1046 (1975) ("Second Report and Order"), recon., 53 FCC2d 589 (1975), rev'd in part, Nat'l Citizens Comm. for Broadcasting v. FCC, 555 F.2d 938 (D.C. Cir. 1977), reinstated, Federal Communications Comm'n v. Nat'l Citizens Comm. for Broadcasting, 436 U.S. 775 (1978) ("FCC v. NCCB").

II. THE NEWSPAPER/BROADCAST CROSS-OWNERSHIP RESTRICTIONS WERE ADOPTED OVER TWO DECADES AGO BASED ONLY UPON SPECULATIVE ASSUMPTIONS ABOUT DIVERSITY, AND WITHOUT ANY RECORD EVIDENCE OF ANTI-COMPETITIVE CONDUCT BY CROSS-OWNERS.

Historically, the Commission encouraged the participation of newspaper publishers in the broadcasting industry. Thus, newspapers pioneered first AM service and, subsequently, FM and television service in many communities.[5] Indeed, even in its 1975 decision adopting the newspaper/broadcast cross-ownership rule, the Commission observed that many such newspaper-owned stations "began operation long before there was hope of profit and were it not for their efforts service would have been much delayed in many areas."[6]

Further, the FCC recognized that existing newspaper/broadcast cross-owners as a group had established "[t]raditions of service" from the outset, which had been continued.[7] Thus, prior to 1975, the Commission repeatedly determined, both in initial licensing actions and in granting countless license renewal applications, that the public interest would be served by common ownership and operation of broadcast facilities and co-located daily newspapers. Moreover, in the 22 years since the prospective ban was adopted, the agency has reaffirmed that finding many times in renewing the licenses of stations that are part of "grandfathered" combinations.

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[5] See Second Report and Order, 50 FCC2d at 1074, 1078.

[6] Id. at 1078.

[7] Id.

When the FCC adopted its Second Report and Order in 1975, it asserted, for the first time, the authority to adopt general rules restricting the right of newspaper publishers to operate broadcast stations in the communities in which their newspapers are published. Despite determining that "there is no basis in fact or law for finding newspaper owners unqualified as a group for future broadcast ownership,"[8] the agency adopted regulations prohibiting the future grant of a broadcast station license to any party who "directly or indirectly owns, operates or controls" a daily newspaper published in the same community.[9]

In the Commission's view, the expansion of its role, from regulation solely of "communication by wire and radio,"[10] to the promulgation of rules on newspaper/broadcast cross-ownership, was justified on the basis of promoting diversity.[11] Upon its review of the evidence before it on cross-ownership in 1975, however, the FCC made a number of empirical findings, including that, in general, there was significant diversity or "separate operation" between commonly owned

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[8] Id. at 1075.

[9] See 47 C.F.R. § 73.3555(d) (1996) (formerly 47 C.F.R. §§ 73.35(a), 73.240(a)(1), and 73.636(a)(i)).

[10] 47 U.S.C. § 151

[11] See Second Report and Order, 50 FCC2d at 1050, 1079.

broadcast stations and newspapers;[12] and that newspaper-affiliated broadcast stations tended to be superior licensees in terms of locally-oriented service.[13]

The Commission concluded, nonetheless, to prohibit altogether any daily newspaper publisher from acquiring a new license for a broadcast station in its community or transferring an existing combination to new ownership. The sole basis cited for the prospective ban was the FCC's statement that "[w]e think that any new licensing should be expected to add to local diversity."[14] As to license renewals of existing combinations, however, the agency found that in the majority of cases a combination of factors, including "a long record of service to the public," possible "disruption for the industry," and "hardship for individual owners" outweighed a "mere hoped for gain in diversity."[15]

In reviewing the FCC's order, the United States Court of Appeals noted that "[t]he Commission enacted these rules without compiling a substantial record of

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[12] Id. at 1089.

[13] Id. at 1078-81. The FCC's own study, based on 1973 TV Station Annual Programming Reports, found that, on average, co-located newspaper-owned television stations programmed six percent more local news, nine percent more local non-entertainment programming, and twelve percent more total local programming than did other TV stations. See id. at 1094-98 (Appendix C). The Commission summarized these findings as showing "an undramatic but nonetheless statistically significant superiority in newspaper owned television stations in a number of program particulars." Id. at 1078 n.26.

[14] Id. at 1075.

[15] Id. at 1078. In sixteen so-called "egregious" cases, in communities in which there was only one newspaper and one television or radio station, however, the FCC ordered divestiture within five years. See id. at 1081-84.

tangible harm."[16] On the contrary, according to the Court, the record contained "little reliable 'hard' information."[17] The Court of Appeals expressly noted the absence of evidence in the record of specific anti-competitive acts by cross-owned stations.[18] Similarly, although it ultimately affirmed the prospective prohibition adopted by the FCC, the United States Supreme Court recognized that "the Commission did not find that existing co-located newspaper-broadcast combinations had not served the public interest, or that such combinations necessarily 'spea[k] with one voice' or are harmful to competition."[19]

When the newspaper/broadcast cross-ownership restrictions were adopted in 1975, a total of 8,737 commercial radio and television stations were on the air.[20] At that time, there were an estimated 94 co-located newspaper/television combinations in the United States and, according to a study commissioned by the ANPA, an additional 380 newspaper/radio cross-ownerships.[21] As noted above, all but sixteen of those combinations were grandfathered by the Commission. For the past two decades, however, their owners have been precluded from acquiring additional stations in the

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[16] Nat'l Citizens Comm. for Broadcasting v. FCC, 555 F.2d 938, 944 (D.C. Cir. 1977), aff'd in part and rev'd in part, 436 U.S. 775 (1978).

[17] Id. at 956.

[18] See id. at 959.

[19] FCC v. NCCB, 436 U.S. 775, 786.

[20] See Broadcasting & Cable Yearbook 1996 at B-671, C-244 (data as of January 1, 1975).

[21] See Second Report and Order, 50 FCC2d at 1061.

same markets and from selling their grandfathered combinations intact, to a single buyer. Moreover, daily newspaper publishers in other communities have been excluded from station ownership altogether, and local broadcasters have been barred from acquiring or establishing new daily newspapers in their communities of license.

NAA submits that Commission action to remove these constraints on publishers and station owners is long overdue. In the abundantly diverse and highly competitive mass media marketplace of the late 1990s, maintenance of these selective cross-ownership restrictions is clearly unnecessary, discriminatory, and unjustifiable. The "hoped for gain in diversity" that was the sole premise for adoption of the newspaper/broadcast cross-ownership prohibition in 1975 unquestionably has been achieved, not through governmental action, but through the technological revolution of the past two decades and the explosive growth in competition in the mass media marketplace. Accordingly, the Commission should begin the process of removing itself from its unnecessary and counterproductive involvement in this area.

III. THE MULTICHANNEL, MULTIMEDIA ENVIRONMENT OF THE LATE 1990s BEARS LITTLE RESEMBLANCE TO THAT OF 1975; BROADCASTERS AND NEWSPAPER PUBLISHERS FACE INTENSE COMPETITION FROM A RAPIDLY EXPANDING HOST OF MEDIA OUTLETS THAT PRESENT CONSUMERS WITH ABUNDANT INFORMATION OPTIONS.

When the Commission first promulgated the newspaper/broadcast cross-ownership rules in 1975, the mass-communications landscape -- with its foundation solidly grounded in newspapers, radio, and broadcast television -- bore little resemblance to today's multichannel, multimedia terrain. Over the course of the past two decades, the "traditional" media outlets have enjoyed dynamic growth while, at the same time, a diverse array of new entrants has fostered a thriving competitive marketplace. Moreover, the maturation of the cable television industry along with technological innovations such as direct broadcast satellite ("DBS") service and the Internet -- which has emerged virtually overnight as a major source of information and viewpoints on every subject imaginable -- now ensure the availability of a multitude of independent and diverse media voices to American consumers.

A. The Enormous Growth and Near-Universal Availability of the Traditional Broadcasting Media, Newspaper Publishing, and Cable Television Have Transformed the Media Marketplace Over the Past Two Decades.

1. The Number and Variety of Radio Broadcast Stations Have Increased Dramatically Since 1975.

Radio broadcasting has continued to enjoy dynamic growth since 1975 in nearly every aspect of marketplace measurement. As a result, a wealth of local, regional, and national programming options are available to listeners. Since the adoption of the newspaper/broadcast cross-ownership restriction, the total number of licensed radio stations in the U.S. has increased by nearly 50 percent -- from 8,094 in January 1975[22] to 12,151 by the end of January 1997.[23] Much of this rise can be attributed

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[22] See Broadcasting & Cable Yearbook 1996 at B-671.

[23] Broadcast Station Totals as of January 31, 1997 (FCC Mimeo No. 72140, rel. Feb. 5, 1997).

to the rapid expansion of FM radio; the number of FM stations licensed today, 7,297,[24] is more than double the number (3,617) authorized in 1975.[25]

Further evidence of the highly competitive nature of today's radio marketplace is provided by examination of the relevant statistics for virtually any U.S. city. For example, Evansville, Indiana, ranked as the 150th largest market by Arbitron, has ten radio stations competing for advertising revenue, and six of those stations billed in excess of $1 million annually.[26] Competition is even more vigorous in larger markets. In Salt Lake City, Utah, the 35th largest market, for example, market guides list twenty radio competitors (and thirteen separately owned radio groups), seventeen of which have advertising billings in excess of $1 million annually.[27]

Given this increase in the sheer number of radio stations, and the related drive to continually increase audience levels and advertising revenues, it is no surprise that station managers have shifted away from generic, lowest-common-denominator content and instead have focused on offering programming that meets the needs of their local communities. Indeed, radio has seen an explosion in program format diversity in recent years. Broadcasting & Cable Yearbook, which tracked just fifteen format options as recently as 1982, now recognizes ninety-one distinct radio formats.[28] Of

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[24] Id.

[25] Broadcasting & Cable Yearbook 1996 at B-671.

[26] See James H. Duncan, Duncan's Radio Market Guide (Jan. 1996 ed.).

[27] See id.

[28] Compare Broadcasting & Cable Yearbook 1982 at D-77 - D-98, with Broadcasting & Cable Yearbook 1996 at B-589.

principal importance with respect to the issues under consideration in this proceeding are increasingly popular radio formats such as "educational," "news," "news/talk," "public affairs," and "talk." By the end of 1995, 712 stations aired a "news" format, 538 carried "talk" programming, and 1,022 aired "news/talk."[29] In addition, instructional educational formats were broadcast on 252 stations, and 62 "public affairs" formats were available to listeners in various communities nationwide as well.[30]

In addition to the recent diversification in available radio format choices, consumers also benefit from the number and variety of regional and syndicated radio programming networks in the radio marketplace. Aside from the major national radio networks, there are over sixty regional networks that include programmers such as the Illinois News Net and the South Carolina Network.[31] In addition, stations can purchase radio programming material from any of the nation's 243 syndicated radio programmers.[32] This abundant choice of programming offerings, coupled with the tremendous increase in program format diversity and growth in the number of radio

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[29] See Broadcasting & Cable Yearbook 1996 at B-590. A radio format is defined as programming broadcast at least 20 hours weekly. See id. at B-589. Thus, a station airing a combination of formats may appear under more than one format listing, though some formats, such as "news/talk" and "news," do not appear to overlap. See id. at B-623-26.

[30] See id. at B-590.

[31] See Radio Business Report; Source Guide and Directory at 5-23 (Vol. 2 1994).

[32] See id. at 5-23 - 5-24.

stations, reveals a healthy, competitive radio marketplace offering consumers a wide range of independent voices and diverse program content.

2. The Number and Variety of Newspapers and Their Ability to Reach Diverse Segments of the Population Also Have Increased Greatly.

Since the newspaper/broadcast cross-ownership ban was first instituted, the number of daily newspapers published in the United States has declined from 1,756 to 1,532.[33] Nevertheless, overall circulation of U.S. daily newspapers has held relatively steady, declining from 60.7 million to 58.2 million total morning and evening, but increasing from 51.1 million to 61.8 million on Sundays.[34] At the same time, smaller independent local newspapers, many of which are published weekly, have thrived. In 1975, the 7,612 weekly newspapers in the U.S. enjoyed an average circulation of approximately 35.9 million per week.[35] By the end of 1995, however, the number of such newspapers had risen to 8,453, with a staggering leap in weekly circulation to nearly 80 million.[36] Much of this growth is due to the widespread proliferation of independent weekly newspapers that focus on serving local community

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[33] See Newspaper Association of American, Facts About Newspapers 1996 at 23 (1996) ("NAA Facts About Newspapers").

[34] See id. at 13.

[35] See id. at 25.

[36] See id. Although NAA changed its information collection procedures for the years 1994-95, the total circulation of weekly newspapers in 1993, the most recent statistically comparable year, had risen to 56.7 million. Id.

needs.[37] By covering local politics, neighborhood businesses, and other local and regional concerns and developments, the hundreds of independent weekly newspapers that have sprouted up nationwide are providing a valuable alternative outlet for speakers who address primarily local audiences.

3. Over-the-Air and Cable Television Offer a Rich Diversity of Programming to Virtually Every Household in the United States.

Since the Commission instituted the cross-ownership limitations, television programming, both over-the-air and cable-delivered, has enjoyed continued growth and ever-increasing diversity. Since 1975, the number of licensed television broadcast stations has increased from 1,010[38] to 1,556,[39] a gain of more than fifty percent. In addition, nearly all viewers now are presented with a substantial number of over-the-air television programming selections. Even six years ago, when the Commission released the results of its staff's study of the video marketplace, 95 percent of all television households were in markets with five or more television stations, and the majority of television households were in markets with ten television stations or more.[40] Additionally, in the near future, digital television, which is expected to be in homes by

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[37] See Elizabeth Gleick, Read All About It, Time, Oct. 21, 1996, at 66, 69.

[38] See Broadcasting & Cable Yearbook 1996 at C-244.

[39] Broadcast Station Totals as of January 31, 1997. (FCC Mimeo No. 72140, rel. Feb. 5, 1997).

[40] See Florence Setzer and Jonathan Levy, Office of Plans and Policy, Fed. Communications Comm'n, Working Paper No. 26, Broadcast Television in a Multichannel Marketplace, DA 91-817, at 4013-14 (rel. June 27, 1991) ("OPP Working Paper").

1998, will offer far more channel capacity than present-day broadcast television, a sharper picture, and CD-quality sound.[41]

The healthy growth in broadcast television, moreover, has been complemented by remarkable gains both in penetration and in subscribership by the cable television industry. Indeed, cable television is now a permanent feature of the mass-media landscape; cable is presently available to 97 percent of all U.S. households, and two-thirds of all U.S. television households subscribe to cable service.[42] By contrast, in 1975, when the Commission adopted the newspaper/broadcast cross-ownership restrictions, only 17 percent of U.S. television households subscribed to cable.[43] This explosive growth has contributed substantially to the variety of media voices available to consumers. Cable television systems offer a broad range of programming -- local and regional offerings in particular -- and compete aggressively with over-the-air services as well as with daily newspapers for subscribers (viewers) and for advertising revenues.[44]

Today, nearly 80 percent of cable systems have the capacity to offer thirty or more cable channels and nearly one-half of all cable subscribers are served by high

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[41] See Mark Landler, Industries Agree on U.S. Standards For TV of Future, Wall St. J., Nov. 26, 1996, at A1.

[42] See Paul Kagan Assoc., Inc. The Kagan Media Index, No. 117, Nov. 30, 1996, at 8 ("The Kagan Media Index").

[43] OPP Working Paper at 4008-09.

[44] In 1995, the cable industry accounted for $3.6 billion in advertising revenues, or 2.2 percent of the national total, an increase of 18.5 percent over the previous year. See NAA Facts About Newspapers at 10. Cable advertising was virtually non-existent in 1975. See OPP Working Paper at 4047.